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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN

DOCKET NO. E-01345A-11-0224

NOTICE OF FILING DIRECT
TESTIMONY OF TOM FARLEY ON
BEHALF OF THE ARIZONA
ASSOCIATION OF REALTORS

Attached hereto for filing in the above-captioned docket is the pre-filed direct testimony
of Tom Farley on behalf of the Arizona Association of Realtors.

RESPECTFULLY submitted this 18th day of November, 2011.

BROWNSTEIN HYATT FARBER SCHRECK LLP

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ORIGINAL and thirteen (13) copies filed
this 18th day of November, 2011, with:

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA PUBLIC SERVICE COMPANY FOR
10 A HEARING TO DETERMINE THE FAIR
11 VALUE OF THE UTILITY PROPERTY OF THE
12 COMPANY FOR RATEMAKING PURPOSES,
13 TO FIX A JUST AND REASONABLE RATE OF
14 RETURN THEREON, TO APPROVE RATE
15 SCHEDULES DESIGNED TO DEVELOP SUCH
16 RETURN

DOCKET NO. E-01345A-11-0224

17 **PRE-FILED DIRECT TESTIMONY OF TOM FARLEY**
18
19 **ON BEHALF OF**
20
21 **THE ARIZONA ASSOCIATION OF REALTORS**
22

23 **November 18, 2011**
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1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Tom Farley. My business address is 255 E. Osborn Road, Suite 200, Phoenix,
3 Arizona 85012.

4 **Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am Chief Executive Officer of the Arizona Association of Realtors, a position I have held
6 since 1997.

7 **Q. WHAT IS THE ARIZONA ASSOCIATION OF REALTORS?**

8 A. The Arizona Association of Realtors (the "Association") is the largest trade association in
9 Arizona, representing approximately 43,000 Arizona realtors belonging to 21 local
10 associations. The Association provides benefits and services to its members who are
11 active real estate licensees from all areas of real estate, including residential, commercial,
12 property management, land, appraisal and relocation. A large number of the members of
13 the Association are residential and/or commercial retail electric customers of Arizona
14 Public Service Company ("APS" or the "Utility"). They own real property and are
15 engaged in the business of representing buyers and sellers of real property in Arizona.

16 **Q. WHY IS THE ASSOCIATION PARTICIPATING IN THIS RATE CASE?**

17 A. The Association intervened¹ in this rate case because of the interest of its members in the
18 line extension policies of APS, and specifically, the Utility's Service Schedule 3
19 (*Conditions Governing Extensions of Electric Distribution Lines and Service*). The
20 Arizona Corporation Commission ("Commission") approved version 12 of Service
21 Schedule 3 in Decision 72684 (November 18, 2011) in Docket E-01345A-11-0207.
22 Pursuant to that decision, Service Schedule 3, version 12, will become effective
23 concurrently with the effective date of new base electric rates approved in this rate case.
24 The Association supports Service Schedule 3, version 12.

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28 ¹ The Association filed an Application for Leave to Intervene in the rate case on July 15, 2011,
and intervention was granted by the Commission at the procedural conference held July 18, 2011.

1 **Q. PLEASE DISCUSS THE CIRCUMSTANCES THAT LED TO THE**
2 **COMMISSION'S APPROVAL OF SERVICE SCHEDULE 3, VERSION 12.**

3 A. Service Schedule 3 sets forth the terms and conditions under which APS will extend,
4 relocate or upgrade facilities in order to provide service to a customer. In Decision 69663
5 (June 28, 2007) in APS' last rate case, the Commission ordered APS to file "revised line
6 extension tariffs that eliminate any free footage or free allowance and remove any
7 requirement for economic feasibility analysis as otherwise required pursuant to A.A.C.
8 R14-2-207.C.1 and C.2." In compliance with the Commission's order, APS filed a revised
9 version of Service Schedule 3 (Version 10) on July 27, 2007, and then filed an amended
10 version of the tariff on October 24, 2007. The Commission approved Service Schedule 3,
11 version 10, in Decision 70185 (February 27, 2008). The Commission subsequently
12 approved Service Schedule 3, version 11, in Decision 71448 (December 30, 2009).

13 The Association and others opposed the revision of Service Schedule 3 to
14 eliminate the free footage and other allowances. The Association and others met with
15 APS and the Commission to work toward a compromise that would restore a sharing of
16 extension costs between new applicants and the Utility. As a result of meetings and good
17 faith discussions, an agreement was reached regarding additional revisions to Service
18 Schedule 3. The agreement, which is captioned *Proposed Agreement on Issues related to*
19 *Arizona Public Service Company's Service Schedule 3* (the "Proposed Agreement"), and
20 dated May 20, 2011, was signed by APS, the Association, the Home Builders Association
21 of Central Arizona, Barbara Wyllie-Pecora, the Residential Utility Consumer Office, the
22 Arizona Investment Council and IBEW Locals 382 and 769. In accordance with the
23 Proposed Agreement, APS prepared revisions to Service Schedule 3 in version 12 for the
24 Commission's consideration and approval.

25 APS filed Service Schedule 3, version 12, with the Commission for approval on
26 May 20, 2011 in Docket E-01345A-11-020.² On July 26, 2011, APS filed an amended

27 ² The Association filed an Application for Leave to Intervene in the docket on July 18, 2001, and
28 intervention was granted by the Commission in a procedural order dated August 1, 2011.

1 application with revisions to Service Schedule 3. On September 30, 2011, the Utilities
2 Division Staff ("Staff") docketed its Staff Report recommending approval of Service
3 Schedule 3 with certain proposed revisions. On October 7, 2011, the Homebuilders
4 Association of Central Arizona docketed a letter requesting one additional revision to
5 Service Schedule 3. At the Open Meeting on November 8, 2011, the Commission
6 approved Service Schedule 3, version 12, including the revisions proposed by Staff and
7 the revision requested by the Homebuilders Association of Central Arizona. The approval
8 is contained in Decision 72684.

9 **Q. DOES THE COMMISSION'S APPROVAL OF SERVICE SCHEDULE 3,**
10 **VERSION 12, IN DECISION 72684 ADDRESS THE ASSOCIATION'S**
11 **CONCERNS IN THE RATE CASE?**

12 A. Yes. The Association fully supports Service Schedule 3, version 12, as adopted by the
13 Commission in Decision 72684. The Association will continue to monitor the rate case,
14 but does not intent to participate actively in the hearing unless an issue is raised regarding
15 Service Schedule 3, version 12.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

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